

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 STR-04 PA-02 PRS-01 L-03

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P 262017Z JUN 75

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 6828

INFO AMCONSUL TORONTO

UNCLAS OTTAWA 2409

E.O. 11652: N/A

TAGS: EIND, ETRD, CA, US

SUBJECT: AUTOMOTIVE PACT: CHRYSLER REMISSION ORDER

1. CANADIAN PRESS OF JUNE 25 AND 26 REPORTS THAT CHRYSLER CANADA LTD. HAS BEEN DIRECTED BY THE GOC TO POST A PERFORMANCE BOND OF \$20 MILLION FOR FAILURE TO MEET CANADIAN VALUE-ADDED REQUIREMENTS UNDER TERMS OF U.S.- CANADIAN AUTOMOTIVE PACT DURING PERIOD 1972-1974.

2. THE BOND REQUIREMENT IS SET FORTH IN THE "CHRYSLER REMISSION ORDER" WHICH ENSUED FROM ORDER-IN-COUNCIL (P.C. 1975-1151 OF MAY 20) AND PUBLISHED IN CANADA GAZETTE, PART II OF JUNE 11 (COPIES BEING SUBMITTED UNDER AIRGRAM COVER). THE ORDER-IN-THE-COUNCIL WAS MADE AT THE RECOMMENDATION OF THE MINISTERS OF INDUSTRY, TRADE AND COMMERCE, FINANCE, AND THE TREASURY BOARD.

3. ACCORDING TO THE ORDER, THE PURPOSE OF THE BOND IS TO SECURE THE PERFORMANCE OF CERTAIN STIPULATE CONDITIONS; IF THESE CONDITIONS ARE SUBSEQUENTLY MET, THEN REMISSION OF DUTY AND SALES TAX WILL BE ALLOWED. THESE CONDITIONS ARE SET OUT IN PARA 4 BELOW.

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RM KA) "A CLAIM IS MADE TO THE MINISTER OF NATIONAL

REVENUE FOR THE REMISSION;

(B) "IN THE CASE OF PARTS AND ACCESSORIES AND PARTS THEROF, THEY WERE IMPORTED, DURING THE PERIOD COMMENCING ON THE 1ST DAY OF AUGUST, 1972 AND ENDING ON THE 31ST DAY OF JULY, 1974, FOR USE AS ORIGINAL EQUIPMENT IN SPECIFIED COMMERCIAL VEHICLES TO BE PRODUCED IN CANADA BY CHRYSLER;

(C) "IN THE CASE OF SPECIFIED COMMERCIAL VEHICLES, THEY WERE IMPORTED OR TAKEN OUT OF WAREHOUSE BY CHRYSLER DURING THE PERIOD COMMENCING ON THE 1ST DAY OF AUGUST 1972 AND ENDING ON THE 31ST DAY OF JULY, 1974; AND

(D) "THE RATIO OF THE NET SALES VALUE OF SPECIFIED COMMERCIAL VEHICLES PRODUCED IN CANADA BY CHRYSLER DURING THE PERIOD COMMENCING ON THE 1ST DAY OF AUGUST, 1972 AND ENDING ON THE 31ST DAY OF JULY, 1978 TO THE NET SALES VALUE OF ALL SPECIFIED COMMERCIAL VEHICLES SOLD BY CHRYSLER FOR CONSUMPTION IN CANADA DURING THAT PERIOD IS EQUAL TO OR HIGHER THAN THE RATIO ACHIEVED IN THE BASE YEAR.

5. THE ORDER ALSO STATES WITH REGARD TO COMPUTING NET SALES VALUE (PARA 4 (D) ABOVE): "IN COMPUTING THE NET SALES VALUE OF ALL SPECIFIED COMMERCIAL VEHICLES THAT WERE SOLD BY CHRYSLER FOR CONSUMPTION IN CANADA IN THE PERIOD COMMENCING ON THE 1ST DAY OF AUGUST, 1972 AND ENDING ON THE 31ST DAY OF JULY, 1978, THERE SHALL BE DEDUCTED AN AMOUNT EQUAL TO THE NET SALES VALUE OF IMPORTED SPECIFIED COMMERCIAL VEHICLES SO SOLD BY CHRYSLER IN THAT PERIOD

(A) THAT WERE NOT IMPORTED UNDER TARIFF ITEM 95005-1; OR

(B) THAT WERE IMPORTED UNDER TARIFF ITEM UNCLASSIFIED UNCLASSIFIED

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95005-1 AND HAVE SUBSEQUENTLY BEEN DUTY PAID."

6. GLOBE AND MAIL OF JUNE 25 NOTES THAT IN "AND OBVIOUS MOVE TO CLOSE THE TRUCK GAP, CHRYSLER ANNOUNCED IN LATE 1973 IT WOULD BUILD A LIGHT-DUTY TRUCK PLANT AT WINDSOR AT AN ESTIMATED COST OF \$40 MILLION" AND THAT THIS PLANT IS SCHEDULED FOR COMPLETION IN NOVEMBER 1975. PRESS REPORT ALSO CLAIMS THAT IN THE SAME PERIOD CHRYSLER LOCATED ALL ITS NORTH

AMEIRCAN MEDIUM-DUTY TRUCK PRODUCTION AT ITS
TECUMSEH ROAD PLANT IN WINDSOR.
PORTER

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